

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-10 ISO-00 EB-08 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 INT-05 /068 R

XMB

DRAFTED BY XMB: J W LENTZ:CR
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-----052928 080413Z /70
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FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA PRIORITY
INFO AMCONSUL LUBUMBASHI PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, CG

SUBJECT: EXIMBANK ASSISTANCE FOR GECAMINES

1. ON MARCH 31 EXIMBANK OFFICERS MET WITH PICQUET AND ROCHER OF GECAMINES TO DISCUSS LONG-DELAYED DOLS. 20 MILLION LOAN/GUARANTEE ASSISTANCE AUTHORIZED IN JUNE 1976. EXIMBANK EXPLAINED THAT ITS GENERAL POLICY OF NOT DISBURSING IN FACE OF NON-PAYMENT BY BORROWERS AND
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GUARANTORS ON PREVIOUS CREDITS APPEARED TO PLACE SUBJECT AUTHORIZATION IN POSITION OF NOT BEING USABLE FORM OF ASSISTANCE WITHIN FORSEEABLE FUTURE. ALL AGREED THAT GECAMINES WOULD REQUIRE AT LEAST 12 MONTHS BETWEEN ORDER PLACEMENT AND DELIVERY SO PROSPECT OF GOZ BEING CURRENT WITH EXIMBANK FOR SHORT PERIODS, AS HAS BEEN CASE IN PAST, WAS OF NO ADVANTAGE.

2. EXIMBANK POINTED OUT ITS FINANCING WOULD LAPSE JUNE

30, 1978, WHICH IS DATE FOR LAST DISBURSEMENT UNDER PRESENT AUTHORIZATION. EXIMBANK AGREED TO ADVISE GECAMINES OF THIS SHORTLY AFTER JUNE 30, WHICH ACTION WOULD TERMINATE CREDIT. GECAMINES WAS INFORMED EXIMBANK PREPARED TO CONSIDER NEW ASSISTANCE FOR IT WHENEVER ZAIRE CAN AGAIN BE ABLE TO MEET NORMAL CREDITWORTHINESS STANDARDS.

3. PICQUET STATED HE UNDERSTOOD EXIMBANK'S POSITION AND WAS PREPARED TO RECEIVE LETTER INDICATING AUTHORIZATION HAD LAPSED.

4. FYI: IN ITS APPLICATION FOR SUBJECT FINANCING, GECAMINES PROJECTED DELIVERY PERIODS OF UP TO 18 MONTHS FOR MAJOR EQUIPMENT ITEMS SUCH AS HEAVY TRUCKS, LOADERS, SCRAPERS, ETC. EXIMBANK UNDERSTANDS THIS PROJECTION HAS NOT CHANGED MATERIALLY IN THE LAST TWO YEARS. THE DRAFT CREDIT AGREEMENT STATES: (1) DISBURSEMENTS WOULD BE MADE AFTER GOODS ARE EXPORTED FROM U.S. AND (2) AN IRREVOCABLE LETTER OF CREDIT CAN BE ISSUED FOR UP TO 5 MILLION DOLS WHEN GOZ CURRENT, WHICH LEVEL COULD BE INCREASED ONCE UTILIZED BY ANOTHER 5 MILLION DOLS IF NO DEFAULTS HAD OCCURRED.

ASSUMING ORDERS FOR ENTIRE 22.2 MILLION DOLS OF U.S. LIMITED OFFICIAL USE

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EQUIPMENT WERE PLACED AT ROUGHLY SAME TIME, IT MOST UNLIKELY THAT SUPPLIERS WOULD ACCEPT ORDERS UNLESS RELIABLE FINANCING WERE IN PLACE. WITH ONLY A 5 MILLION DOLS LETTER OUTSTANDING, UNDER BEST OF CIRCUMSTANCES AND REMAINDER OF FINANCING SUBJECT TO GOZ BEING CURRENT WITH EXIM BANK, IT DOES NOT APPEAR NEEDS OF GECAMINES AND SUPPLIERS FOR RELIABLE FINANCING MANY MONTHS HENCE COULD BE MET. FOR GOZ TO BECOME CURRENT WITH EXIMBANK IN NEAR TERM, SUCCESSFUL PARIS CLUB MEETING FOR 1978 MATURITIES MUST BE CONCLUDED AND ALL PAST DUE PARIS CLUB PAYMENTS MADE. THESE NOW TOTAL 2.4 MILLION DOLS DUE JANUARY 1, 1978 AND WOULD INCREASE TO ROUGHLY 7.5 MILLION DOLS BY JULY 1, 1978 AND BY FURTHER AMOUNTS AT SEMI-ANNUAL INTERVALS THEREAFTER.

IN VIEW OF FOREGOING, IT WOULD APPEAR IMPOSSIBLE TO CONSUMMATE THE TRANSACTION, PRIOR TO JULY 1978 EVEN WERE CREDIT AGREEMENT TO BE SIGNED IMMEDIATELY. END FYI. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOAN GUARANTEES, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 08 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: STATE
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ISecure: 1
Legacy Key: link1978/newtext/t19780477/aaaacntm.tel
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Litigation Codes:
Litigation History:
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
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Review Content Flags:
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Review Exemptions: n/a
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